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Testimony of John R. Thomas

Professor, Georgetown University Law Center

Hearing: Patent Review

May 23, 2006

U.S. Senate Judiciary Committee

Subcommittee on Intellectual Property

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Thank you for the opportunity to testify before the Committee on the subject of post-grant review procedures. I appear today on my own behalf, as a concerned observer of the patent system.

Current patent reform efforts have been accompanied by an often heated exchange of views concerning a range of subjects. Despite their differences on other issues, however, many observers agree that our current administrative revocation procedures have been unsuccessful ventures. Limited use of both ex parte and inter partes reexamination procedures have placed both procedures in a state of desuetude. Many actors in the technology community view more full-fledged opposition procedures as the best means for harnessing the expertise of the PTO to assess the validity of issued patents. Opinions differ, however, concerning many of the important details of opposition procedures.

In their efforts to establish an effective opposition system, patent reformers would do well to identify clearly its intended goals. Some observers view oppositions as a rather cabined curative proceeding that would effectively serve as the final stage of patent acquisition procedures. Others view oppositions as low-cost litigation substitutes that potentially provide a way to improve quality throughout the nation's entire portfolio of issued patents. In addition, in a world where technology knows no borders, we may wish our opposition procedure to reflect international norms, thereby serving the laudable goal of patent harmonization. Although these policy goals are not mutually exclusive, the precise contours of an opposition system follow from those that are selected or emphasized.

Allow me to address three aspects of opposition proceedings under current discussion. One is whether the availability of oppositions should be subject to time limits. As with the European Patent Convention, current proposals before the House of Representatives provide for a nine-month period. Debate has proceeded upon whether legislation should call for a six-month second window for initiation of an opposition proceeding, based

upon receipt of a charge of patent infringement.

Imposing time limits on oppositions has been justified upon notions of stability of the property right. Further exploration of this view is appropriate. First, the nine-month European deadline is not an absolute one, in the sense that nullity trials and similar options remain available under the national laws of European Patent Convention signatory states. In the United States, the Patent Act places no time limit upon commencing a reexamination. Similarly, under the reissue statute, patent proprietors themselves possess the ability to amend their claims at any time during the life of the patent.

Time limits may also be motivated by a desire to avoid harassment of patentees. Interestingly, experience with the German patent system suggests that such restrictions may have the opposite effect. The German law once imposed a five-year deadline upon contesting validity of a patent. Observing that many such challenges occurred on the eve of the deadline, the time restrictions were ultimately eliminated-reportedly resulting in a measurable decrease in the number of oppositions filed.

Strict time limits may also detract from the ability of an opposition to serve as a prompt, inexpensive mechanism for assessing a patent's validity. Patents often issue long before the inventions they claim become commercially viable. For example, at the time a patent claiming a pharmaceutical or medical device issues from the PTO, its proprietor may remain engaged in the FDA marketing approval process. Other patents are sold to new owners with more aggressive enforcement postures; still others are simply ahead of their time. Requiring potential patent challengers to provoke oppositions early in a patent's term may lead to ill-informed decisions, to the detriment of patent owners and the public alike. As a result, debate over time limits may properly center not upon whether a six-month second window is justified, but rather upon whether time limits can be justified at all.

Second, following the lead of Professor Mark Janis, I encourage the Committee to

recognize that the trademark law has for many years allowed for both a pre-grant opposition and a post-grant cancellation procedure. In this context, the PTO has promulgated rules that incorporate such features as an extensive motions practice, hearings, and discovery, including interrogatories, document production, and depositions. I do not wish merely to offer the naive suggestion that trademark inter partes procedures could simply be adopted wholesale into a patent opposition system. Yet the PTO's considerable experience with inter partes proceedings in the context of trademarks should both assuage concerns over its institutional competence, and provide valuable guidance for patent opposition procedures.

Last, I would encourage the Committee to consider the public goods problems that accompany patent oppositions. No matter how refined the contours of an opposition system are, individuals may possess limited incentives to employ them. The reason, of course, is the general rule that a patent is valid or invalid as to all the world. A firm that prevails in a patent opposition must share its success with its marketplace competitors. This forced sharing may, of course, lead to a suboptimal level of patent challenges. The Hatch-Waxman Act incorporated a 180-day generic exclusivity period in order to address this public goods problem; similar attention in the context of patent oppositions may ultimately increase their effectiveness.

Thank you for the opportunity to testify before you today. I would be pleased to answer any questions.